

STATE OF WASHINGTON



OFFICE OF
INSURANCE COMMISSIONER

In the Matter of)	
)	No. D 01 - 56
PROGRESSIVE AMERICAN)	
INSURANCE COMPANY,)	CONSENT AND ORDER
PROGRESSIVE CASUALTY)	TO PAY FINE
INSURANCE COMPANY,)	
PROGRESSIVE CLASSIC)	
INSURANCE COMPANY,)	
PROGRESSIVE NORTHERN)	
INSURANCE COMPANY,)	
PROGRESSIVE NORTHWESTERN)	
INSURANCE COMPANY,)	
PROGRESSIVE PREFERRED)	
INSURANCE COMPANY,)	
PROGRESSIVE SPECIALTY)	
INSURANCE COMPANY,)	
PROGRESSIVE WEST INSURANCE)	
COMPANY, and HALCYON)	
INSURANCE COMPANY,)	
)	
authorized insurers.)	

CONSENT TO ORDER

The above named insurers do hereby consent to a fine in the sum of \$30,000 with \$15,000 suspended for the conduct of using unfiled and unapproved rates prohibited by RCW 48.19.040 and RCW 48.01.020. This suspension is for a twelve month period during which time there will be no similar violations of the insurance code. By consent the companies recognize and acknowledge their obligation to fully comply with all applicable provisions of the Washington Insurance Code and regulations promulgated pursuant thereto.

FACTUAL BACKGROUND

This order is a result of the companies using unfiled and unapproved "Territory 98" rates for policyholders who had moved from out of state into the state of Washington. The use of such rates was applied when policyholders called one of the companies to inform it that they were moving to Washington. At that time, the policyholder was instructed to contact an agent in Washington to purchase a Washington issued policy. The company would set up the existing policy for nonrenewal and charge the "Territory 98" rates to it. This was the companies' way of collecting enough premium to cover what had become unknown exposures. Such procedure was implemented 11/12/97 for new business, 1/5/98 for renewals. Progressive ceased this practice 11/5/98 and has since made the proper rate filing. During that time the company had 819 policies impacted by the use of the unfiled and unapproved "Territory 98" rate collecting over \$80,000 in premium.

The company also applied a "Territory 98" rate to policyholders that moved out of the state of Washington. This included 92 student and military personnel which still had exposure in Washington by leaving at least one vehicle garaged in the state.

This consent is made voluntarily with the understanding that the company will refrain from engaging in such conduct in the future.

Signed this _____ day of _____, 2001.

By: _____

Title: _____

ORDER

Pursuant to RCW 48.05.185 and the foregoing Consent to Order, the Insurance Commissioner hereby imposes a fine in the amount of \$30,000 with \$15,000 suspended upon the companies. The suspension is for a twelve month period during which time there will be no further similar violations of the insurance code.

The fine shall be paid in full within 30 days from the date of the Order.

Further, the named companies agreed to return to the policyholders all premium collected in excess of filed and approved rates from the application of the "Territory 98" rate. The return of the premium was completed prior to the date of this order. Any premium drafts returned to the company without forwarding addresses will be filed with the Washington State Department of Revenue pursuant to the Washington State Uniform Unclaimed Property Act: Chapter 63.29 RCW.

Failure to pay the fine will result in a civil action brought in behalf of the Commissioner by the Attorney General.

ISSUED AT OLYMPIA, WASHINGTON this _____ day of _____, 2001.

Mike Kreidler

Insurance Commissioner

By:

Mary Cotter
Staff Counsel